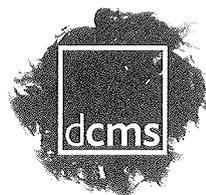


CMS 156943/DC

Mr John Walter Jones  
Chair  
S4C Authority  
Parc Tŷ Glas  
Llanishen  
Cardiff  
CF14 5DU



department for  
culture, media  
and sport



host government  
department

October 2010

*Dear John*

## 2010 SPENDING REVIEW

This letter sets out the funding settlement for S4C covering the financial years 2011-12 to 2014-15.

The Government is committed to the future of Welsh Language programming and to the future of S4C as a strong and independent Welsh TV service. Subject to the Public Bodies Bill, we can today confirm a 24.4% cut to S4C's funding in real terms over the 4 years of the spending review period. This is better than my overall Departmental cut.

The Government wants to ensure that S4C offers the best possible Welsh Language service to the audience and feel that the best way to secure its future while delivering a better service is through partnership with the BBC. Therefore, from 2013/14, the cost of S4C will be met from a combination of continued exchequer funding, advertising revenue and the Licence Fee. The funding for S4C over the next four years is set out below.

Year	Total funding (£m)	From DCMS (£m)	From BBC (£m)
2011/12	90	90	0
2012/13	83	83	0
2013/14	83	6.7	76.3
2014/15	83	7	76

This means that S4C's funding is secure for the next 4 years and will enable you to structure yourself for the modern broadcasting environment. You will also retain your commercial freedom.

In order to deliver this, we envisage a partnership between the Authority and the BBC comprising a combined board to oversee delivery of a service licence and a joint management board with a majority of independent directors appointed by the Welsh Authority and the BBC Trust. This should ensure that S4C remains as a unique entity and retains its editorial distinctiveness. We intend for this partnership to be up and running as soon as possible from 2012/13.

We envisage a review of S4C's strategy and finances to conclude in good time before the end of the period covered by the CSR.

We recognise this will be a radical change but believe it is the best option for providing a sustainable and independent future for Welsh language programming. We look forward to working closely with you and the BBC Trust to develop the detail of these arrangements. My officials will be in touch in due course.

*Yes we*

A handwritten signature in black ink that reads "Jeremy". The signature is written in a cursive, slightly stylized font.

**JEREMY HUNT**

**Secretary of State for Culture, Olympics, Media and Sport**